

OFFICE OF TRAINING

NOTICE
NO. 17-62

30 October 1962

SUBJECT: Federal Salary Reform Act

1. The purpose of this Notice is to give OTR personnel the salient features of the newly approved Federal Salary Reform Act of 1962. Questions not answered here should be referred to the OTR Personnel Office. The salary increase contained in the Act applies to all staff employees and to all full time contract employees performing staff type work. Besides increasing basic rates, the new Act changes the rules relating to step increases, salary rate on promotion, and other features.

2. Step Increases

Under the new Act automatic periodic and longevity step-increases have been eliminated and have been replaced by within-grade increases based on job performance. Before an employee can receive such an increase, his supervisor must certify that his work has been at an acceptable level of competence. It is important that all supervisors make this certification a meaningful procedure so that step increases will be granted only to deserving employees. An acceptable level of competence denotes a level of performance which is entirely satisfactory and above that typical of the marginal employee. If the increase is withheld, it can later be granted when the employee's performance does reach an acceptable level of competence. Supervisors should recognize that their proper use of this provision can be an incentive to more effective performance on the part of employees.

Another provision of the Act allows deserving employees to be granted a step increase based on "high quality performance." The law permits one such additional increase in each period of 52 weeks. This provision makes available to supervisors a new tool for rewarding and encouraging especially effective or outstanding job performance. Standards and procedures for implementation of this management tool will be published soon.

The three longevity steps heretofore provided have been eliminated. The new waiting period schedule, which is the same for all grades, calls for serving one year in Steps 1, 2, and 3; two years in Steps 4, 5, and 6; and three years in Steps 7, 8, and 9.

3. Salary Rate on Promotion

The new Act provides more liberal minimum benefits to employees who are promoted. In the past, an employee who was promoted was guaranteed a salary increase of at least one step increase in the grade from which he was promoted. From now on, the basic entitlement on promotion is a pay increase at least as large as two within-grade increases in the grade from which promoted.

4. Rates of Pay for Classification Act Supervisors of Wage Board Employees

When a supervisor is paid under the Classification Act and his employees are paid at wage board rates, the supervisor sometimes receives no more or even less than some of the employees. The Salary Reform Act provides that any Classification Act supervisor of wage board employees will be paid a rate higher than the rate paid any of the employees under his supervision, if this is possible within the scheduled rates of his grade.

5. Civil Service Annuities

The Act provides for increases in all Civil Service retirement annuities. Also, an important provision calls for automatic increases in retirement annuities in the event the cost of living, as reflected in the Consumer Price Index of the Bureau of Labor Statistics, increases 3% or more.

6. Implementation of New Pay Schedules

Agency employees will receive the increased pay (under Compensation Schedule I) effective 14 October 1962 in their checks which will be received on 9 November 1962. The next salary increase under Compensation Schedule II will become effective in January 1964. The amount of any insurance coverage increase for which an individual is eligible under the Federal Employees Group Life Insurance Act of 1954 as the result of the first increase shall be automatically effective on 14 October 1962.



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